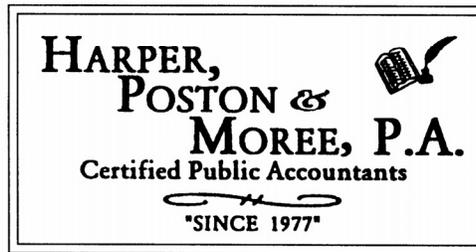


ADDITIONAL INFORMATION REQUIRED BY
GOVERNMENT AUDITING STANDARDS





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**REPORT OF INDEPENDENT AUDITORS
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of City Council
City of Georgetown, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Georgetown, South Carolina as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 7, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider deficiency 07-B1 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
December 7, 2007

CITY OF GEORGETOWN, SOUTH CAROLINA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2007

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements.
2. One significant deficiency relating to the audit of the financial statements is reported in the auditors report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This control deficiency was not reported as a material weakness.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. An audit in accordance with OMB Circular A-133 was not required. There were no major federal award programs for the current year; therefore no significant deficiencies were disclosed for major federal programs.
5. There were no major federal award programs for the current year; therefore no auditor's report on compliance for major federal programs was issued.
6. No audit findings relative to major federal programs are reported in Part C of this schedule.
7. An audit in accordance with OMB Circular A-133 was not required. No programs were tested as major programs.
8. The City did not fall under the audit requirements of OMB Circular A-133; therefore there was no threshold for distinguishing types A and B programs.
9. Risk relative to OMB Circular A-133 was not assessed.

B. Findings – Financial Statement Audit

07 – B1 Police Fines

Control Deficiency: Reports prepared by court personnel for reporting to the State Treasurer did not reconcile to fines collected per the financial statements. Reports are not reconciled by personnel on a monthly basis.

Criteria: Policies and procedures should be in place to provide reasonable assurance that fines collected are safeguarded against the risk of loss or theft and appropriately recognized and reported in the financial statements.

Cause: Change in court system for reporting fines. Reconciliations not performed on a timely basis.

Effect: Errors may occur and not be detected by management.

Recommendation: Personnel should continue to take steps to ensure data maintained by the court system is accurate. Reports prepared by court personnel for reporting fines to the State Treasurer should be reconciled monthly by finance personnel to cash collections and revenues reported in the financial statements.

Management Response: Management concurs with auditor's recommendations to prevent future issues.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None.

CITY OF GEORGETOWN, SOUTH CAROLINA

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2007

There are no prior year audit findings relating to federal award programs for the fiscal year 2006 that are required by OMB Circular A-133 to be reported in the Summary Schedule of Prior Audit Findings for the year ended June 30, 2007.